



DEPARTMENT OF DEFENSE  
**DCPAS**  
Defense Civilian Personnel Advisory Service

# Phased Retirement

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# Phased Retirement

- On July 6, 2012, President Obama signed H.R. 4348 into Public Law 112-141, *Moving Ahead for Progress in the 21<sup>st</sup> Century Act* (aka Transportation Authorization Act). Section 100121 of the Act contains the Phased Retirement Authority for Federal employees.
- The Office of Personnel Management Issued final regulations on August 8, 2014.
- Participation in the Phased Retirement Program is voluntary, and requires the mutual consent of both the employee and employing agency.
- The Program is intended to encourage experienced workers to remain in a part-time employment status before entering full retirement





# Eligibility for Phased Retirement

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- Under CSRS, the individual must be eligible for immediate retirement with at least 30 years of service at age 55, or with 20 years of service at age 60.
- Under FERS, the individual must be eligible for immediate retirement with at least 30 years of service at MRA (minimum retirement age), or with 20 years of service at age 60.
- Participation is voluntary, and requires the mutual consent of both the employee and employing agency.





# General Provisions

- Phased retirees must work 50% of the time.
- The working percentage for a phased retiree may not be changed during the phased retiree's phased retirement period and the combined "working percentage" and "phased retirement percentage" must equal 100 percent.
- Except as prescribed by OPM regulation, not less than 20 percent of the hours to be worked by a phased retiree shall consist of mentoring.
- A phased retiree may transfer to another position in the same or a different agency, providing the transfer does not result in a change in the working percentage.
- A phased retiree may not be employed in more than one position at the same time.





## General Provisions Cont.

- Annuity of phased retiree will be reduced by the amount of time they spend working as a part-time employee.
- No unused sick leave credit may be used in the computation of the phased retirement annuity. Once the employee enters full retirement, unused sick leave will be adjusted and applied to the overall composite annuity.
- Any unpaid civilian or military deposits shall be paid at or before the time a retirement eligible employee enters a phased retirement.
- A phased retiree may enter full retirement at any time.





## Impact to TSP

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- Employees can continue to contribute to TSP
- All normal restrictions regarding loans, financial hardship withdrawals, and age based in service withdrawals.
- Phased retirees will not be eligible for post-employment withdrawals.
- Phased retiree will not be subject to minimum distribution or withdrawal deadlines.
- Agency contributions will be based on basic pay (50% of former full-time salary.)





# Way Forward

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- Both DFAS and EHRIS systems are ready for implementation
- Final Implementation of Program mid FY 16.

